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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-04 L-03 AID-05 IGA-02 CIAE-00 INR-07
NSAE-00 DODE-00 EB-08 TRSE-00 OMB-01 NSC-05 SP-02
SS-15 /065 W
----------041812Z 024224 /50
R 041459Z MAR 77
FM AMEMBASSY VALLETTA
TO SECSTATE WASHDC 7263

C O N F I D E N T I A L SECTION 1 OF 2 VALLETTA 0260

E.O. 11652: GDS
TAGS: PFOR, US, MT
SUBJECT: MALTA'S REQUEST FOR GRANT SURPLUS PROPERTY
PROCUREMENT

REF: STATE 46234,

1. GOM HAS MADE OFFICIAL REQUEST FOR GRANT ASSISTANCE TO PROCURE U.S. SURPLUS PROPERTY. WE NEED GUIDANCE FOR A RESPONSE.

2. DEPARTMENT WILL RECALL THAT THIS SUBJECT WAS RAISED BY MINTOFF WITH ELLSWORTH IN DECEMBER BUT IN A MANNER WHICH WE INTERPRETED (PERHAPS WISHFULLY) AS A REQUEST FOR ELIGIBILITY TO PURCHASE. WHEN I SAW MINTOFF DURING MY COURTESY CALL HE ALSO MADE PASSING REFERENCE TO IT BUT WITHOUT REFERRING TO MECHANICS. FOREIGN SECRETARY ABELA HOWEVER ON FEBRUARY 28 SENT ME A LETTER REFERRING TO THE ELLSWORTH CONVERSATIONS AND SPECIFICALLY ASKING FOR GRANT ASSISTANCE. NO AMOUNTS WERE SPECIFIED.

3. TO GET SOME CLARITY ON ALL THIS I CALLED ON FOREIGN SECRETARY ABELA MARCH 3. I SAID OUR UNDERSTANDING OF THE ELLSWORTH EXCHANGE HAD BEEN THAT THIS WAS ON THE BASIS OF PURCHASE BY THE GOM, THAT WE COULD POSSIBLY BE HELPFUL
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IN FACILITATING PURCHASE, BUT THAT IF THE GOM REQUEST WAS FOR GRANT THIS WAS ANOTHER MATTER. HE CONFIRMED THAT IT WAS A GRANT REQUEST. I SAID IN THAT CASE I WOULD FORWARD THE REQUEST BUT THAT IT WOULD PRESENT PROBLEMS FOR USG.

4. A FIRST PROBLEM WAS THAT EVEN IF WE WISHED TO

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BEGIN A NEW AID PROGRAM FOR MALTA NOW, I THOUGHT IT
HIGHLY UNLIKELY THIS WOULD INCLUDE GRANT TO PERMIT EXCESS
PROPERTY PROGRAM. WE HAD MADE CLEAR AT TIME OF ORIGINAL
PROGRAM IN 1972 THAT SUCH PROGRAM IS USUALLY RESERVED
FOR LOWER INCOME COUNTRIES WITH GREATER NEEDS AND THAT
PROGRAM WE WERE THEN IMPLEMENTING WAS CLEAR EXCEPTION.
THIS TRIGGERED A LECTURE FROM ABELA ON HOW WE FAILED TO
UNDERSTAND THAT MALTA IS NO LESS A DEVELOPING COUNTRY,
PARTICULARLY WHEN BASE RENTAL PAYMENTS ARE REMOVED FROM
STATISTICS CONCERNED.

5. I SAID A SECOND AND EVEN MORE DIFFICULT PROBLEM HOWEVER
WAS THAT GOM WAS ASKING THAT WE BEGIN A NEW AID PROGRAM
IN THE ABSENCE OF ANY NEW POLITICAL FRAMEWORK OR UNDERSTANDING.
OUR EARLIER ASSISTANCE HAD BEEN IN THE CONTEXT OF OUR
COMMITMENTS UNDER THE 1972 BASE RENTAL AGREEMENT
AND COVERING THE PERIOD INTO 1979. WE HAD MET THOSE
COMMITMENTS WITHIN THAT FRAMEWORK AND WERE CONTINUING
A 9.5 MILLION DOLLAR LINE ITEM GRANT FOR MALTA UNDER
THE RENTAL AGREEMENT. I REMINDED ABELA THAT ANY NEW
POLITICAL FRAMEWORK HAD YET TO BE DEVELOPED. I RAN
OVER THE GROUND WITH HIM AGAIN ON THE ELEMENTS OF OUR
CURRENT POSTURE TOWARD MALTA; AN ACCEPTANCE OF MALTA'S
NEUTRALITY, SUPPORTING THE IDEA OF SECURITY AND ASSISTANCE
GUARANTEES FROM ITS EUROPEAN NEIGHBORS, ETC. ALL OF
THIS WAS STILL UNDER DISCUSSION BETWEEN MALTA AND ITS
NEIGHBORS; UNTIL THESE DISCUSSIONS BEGAN TO PRODUCE
SOME UNDERSTANDINGS WE FELT WE SHOULD REMAIN ON THE
SIDELINES. I THOUGHT USG WOULD THEREFORE REGARD A REQUEST
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FOR GRANT ASSISTANCE, OF THE KIND THAT ABELA HAD NOW GIVEN
ME, AS ASKING US TO INVOLVE OURSELVES SUBSTANTIVELY AND
PREMATURELY IN THE PROCESS.

6. I ALSO REMINDED ABELA OF THE DIFFICULTY WE WOULD
FACE BY GOING TO CONGRESS WITH SUCH A REQUEST, ESPECIALLY
GIVEN CONTINUING PUBLIC NOISES OUT OF MALTA THAT THE
USG WAS SOMEHOW HOSTILE TO MALTESE INTERESTS IN THE
MEDITERRANEAN, MALTA'S VOTING PATTERN IN INTERNATIONAL
ORGANIZATIONS, MALTA'S POSITION ON THE ANTI-TERRORIST
CONVENTION IN THE COUNCIL OF EUROPE, ETC. WE
MIGHT TRY TO DO WHAT WE COULD TO CHANGE THIS PERCEPTION
OF MALTA BUT IT WAS MAINLY A JOB FOR GOM.

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 L-03 AID-05
IGA-02 CIAE-00 INR-07 NSAE-00 DODE-00 EB-08 TRSE-00
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----------041811Z 023912 /50
R 041459Z MAR 77
FM AMEMBASSY VALLETTA
TO SECSTATE WASHDC 7264

C O N F I D E N T I A L SECTION 2 OF 2 VALLETTA 0260

7. I SAID THAT THERE WERE SOME THINGS WE COULD DO NOW TOGETHER, PARTICULARLY IN THE FIELD OF PRIVATE INVESTMENT WHICH IN ANY EVENT WE WOVD FEEL MORE MEANINGFUL FOR MALTA'S POST 1979 SITUATION THAN A ONE-TIME GRANT OF SURPLUS PROPERTY. I ALSO AGAIN MENTIONED PHOENIX CASE, NEED TO IMPROVE MALTESE REPRESENTATION IN U.S. (SOMETHING MAY SOON HAPPEN ON THIS) AND ASKED WHAT HAD HAPPENED TO LIST OF "THINK TANKS" I HAD GIVEN MINTOFF ON MY ARRIVAL. ON LATTER, ABELA CONFIRMED THAT GOM WAS APPROACHING SRI TO ASK WHETHER THEY WERE INTERESTED IN TAKING ANOTHER LOOK AT ATMOSPHERE FOR U.S. INVESTMENT IN MALTA.

8. ABELA DID NOT TAKE ALL THIS VERY WELL, SAYING THAT MINTOFF HAD REGARDED SURPLUS PROPERTY REQUEST AS A SMALL WAY IN WHICH U.S. MIGHT BE HELPFUL NOW, PARTICULARLY IN IMPROVING MALTESE HARBOR FACILITIES. HE SAID I APPEARED TO BE PUTTING THIS REQUEST IN CONTEXT OF THE POST 1979 PROBLEM WHERE IT DID NOT BELONG. ELLSWORTH HAD GIVEN GOM TO BELIEVE THAT THIS REQUEST WOULD BE SOMETHING FEASIBLE NOW. I REMINDED ABELA THAT ELLSWORTH HAD NOT COME TO MAKE ANY NEW AID COMMITMENT AND THAT SUCH DISCUSSION AS TOOK PLACE HAD APPEARED TO US TO HAVE BEEN IN THE CONTEXT OF LARGER DISCUSSION OF POSSIBLY RENEWED BUT LIMITED SIXTH FLEET ACCESS, A SUBJECT I HAD NOT RAISED AND DID
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NOT INTEND TO FOR THE PRESENT.

9. THERE WAS MORE TO THIS DISCUSSION BUT I HAVE ALREADY REPORTED IT IN PERHAPS EXCESSIVE DETAIL. I DO SO BECAUSE

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DEPARTMENT SHOULD KNOW THAT WE WILL PROBABLY BE GETTING MORE SUCH REQUESTS. I ASSUME DEPARTMENT WOULD WANT ME TO TAKE NEGATIVE POSITION LEST WE BE NIBBLED AWAY BEFORE WE HAVE A BETTER IDEA OF WHAT KIND OF POLITICAL FRAMEWORK WE WILL BE DEALING WITH HERE. AS SEPARATE TELEGRAM WILL INDICATE, WE HAVE REACTED SIMILARLY TO A REQUEST THAT BOTH DEVELOPMENT MINISTER WISTIN ABELA AND MDC CHAIRMAN CASSAR HAVE MADE OF US THAT WE DUPLICATE A GERMAN TECHNICAL ASSISTANCE EFFORT (PART OF THE FRG 1972 COMMITMENT) IN SUPPORT OF PRIVATE INVESTMENT. I DO HOPE HOWEVER THAT IF DEPARTMENT INSTRUCTS ME TO MAINTAIN THIS POSITION WITH RESPECT TO THE LARGER PICTURE THAT WE CAN BE AS RESPONSIVE AS POSSIBLE ON SMALLER MATTERS SO AS TO ENHANCE THE GENERAL ATMOSPHERE OF OUR RELATIONSHIP. ONE POSSIBILITY MIGHT BE IN NEGOTIATIONS ON DOUBLE TAXATION AGREEMENT, IF SOME NEW U.S. FLEXIBILITY IS POSSIBLE THERE. IS THERE SPECIAL ASSISTANCE WE COULD OFFER TO FACILITATE SURPLUS PROPERTY PURCHASE SHORT OF AN OUTRIGHT GRANT PROGRAM?

10. DEPARTMENT'S COMMENTS/GUIDANCE REQUESTED.
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